Interview with Joseph B. Gildenhorn

The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

AMBASSADOR JOSEPH B. GILDENHORN

Interviewed by: Charles Stuart Kennedy

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Q: Start from the beginning: give me an idea of your background, where you grew up, something about your family

GILDENHORN: Actually, I'm a rarity: I'm a native Washingtonian. I was born in Washington, actually went through public schools in Washington, high school at Woodrow Wilson. I then went to the University of Maryland where I received a B.S. degree in Business Administration, and then to Yale Law School where I received my LL.D. degree. After graduating from Yale Law School, I went into the Army for two years, serving in Georgia and in Germany, in a place called Freiburg, outside of Frankfurt. I then came back to Washington, practiced with the SEC for two years, and then went into my own law firm. I practiced for twenty-five years or so, doing mostly corporate securities work, and a great deal of real estate work. I eventually went into the real estate development business where we constructed and developed many properties, mostly in Washington, DC, though we have done some developments outside of Washington. Some of our projects include the four Seasons Hotel, some major office buildings in downtown in Washington. So that's basically a thumbnail sketch of my background.

Q: Being a Washingtonian and growing up in this atmosphere, you must have been aware of the foreign affairs area.

GILDENHORN: Yes. I think my focus was more related to the Jewish world, being a person who has devoted a great deal of time and effort to Jewish causes — especially support for the State of Israel. I became interested in this area as a young man, and I have continued in that vein. And that's basically how I got to meet then-Vice President Bush. As a local and national Republican Jewish leader, I served as an advisor to Vice President Bush, traveled with him to the Middle East, and worked with him on these types of issues. I also was his finance chairman in the District of Columbia in 1988 for Bush-Quayle, served as the Chairman of the Inaugural Ball. After George Bush became President, he asked me to serve as Ambassador to Switzerland.

Q: I'd like to go back and talk about your work in the Jewish community as it pertains to foreign affairs, because I think this is very important. Every time I do interviews, both with career and non-career people, dealing with the Middle East, the question of the 'Jewish Lobby' comes up — both good, bad. Obviously, this is a crucial point in dealing with the Middle East. How did you approach it — what was your impression, being on the inside of this. Were you part of AIPAC [American-Israel Public Affairs Committee]?

GILDENHORN: I was an active supporter although I was not a strong activist in AIPAC. I was a member until the time that I became Ambassador to Switzerland. I resigned, because I think while you are an Ambassador you should not be a member of a lobby group. I have rejoined AIPAC and I am a member now. AIPAC is an organization which promotes Israeli interests in this country. I think the organization does positive work especially since Israel is an important ally of the United States, and deserves support. I feel, as a Jew and as an American, that this is a very important and positive organization. They have very bright people on staff and very tuned in to what's going on. There are also

people who have been very influential with many members of Congress and members of the Executive. So AIPAC has been very effective.

Q: Just to give a feel, if you don't mind, because I think this is an important element of American foreign policy, however it comes about — these seems to be quite a bit of controversy over the — I think it was 1982 — Israel going into Lebanon and all the way up to Beirut. This has caused a lot of divisions. How did this affect AIPAC?

GILDENHORN: Well, I can't respond for AIPAC, but I can give my own personal observations. I actually went to Lebanon in the early '80s at the invitation of the Israeli government. I drove along the coast of Lebanon up to the outskirts of Beirut. This was after the cease-fire, when the Israelis were pulling back their troops and armaments. My opinion was that there was a need to go into Lebanon at that time since Israeli villages were being shelled and relations became very strained. The Israelis feel strongly that if you are attacked, you have to react. I am of the opinion that they went much too far, that they should have stopped at the Litani River. Going to the outskirts of Beirut had a very adverse affect, especially with respect to world opinion. I spent a couple of days in Lebanon, and found it quite interesting. I spent a whole afternoon in Sidon, and I remember the people at that time were very happy to have the Israelis there because they had cleared out the PLO. The PLO had taken over the southern part of Lebanon and had formed their own government within the borders of Lebanon, and the Lebanese really felt they were captives — if that's the right word — of the PLO. By removing the PLO, the Lebanese felt that they had been freed. There was a real feeling of friendship between the Israelis and the Lebanese at that time. Needless to say, that rapport changed fairly soon thereafter and that's unfortunate. I think that it was necessary at that time to go in, and maintain a zone of Israeli influence to protect Israeli villages and citizens. At this time, Israeli troops are not presently there but there are Christian groups that are pro-Israel controlling the southern part of Lebanon. Hopefully, that will change if the peace process goes forward and is successful.

Q: Talking about George Bush as Vice President — what were his interests in the Middle East when you were talking to him?

GILDENHORN: Again, our discussions dealt with Israel's position in the world, Israel's position with respect to the United States, and Israel's position with respect to their neighbors. I went with him to Israel in the summer of 1986. I was an extended tour, as we spent about eight or nine days in Israel. We devoted a lot of time meeting not only government leaders, but young people in the country. We traveled all over the country, including the south and the Sinai. We also went up to the Golan Heights, and I think that then Vice President Bush got a pretty good idea as to the natural boundaries of Israel and some of the security problems facing Israel. I think he got a much better feel for the concerns of Israeli people and their needs. It was a very positive trip. I remember one meeting in particular, when we met with young Jewish political leaders of both parties, Labor and Likud. Some very candid questions were asked about the US role — I don't remember specific questions but it turned into a very interesting dialogue. I think that overall, the Vice President felt that Israel was an important ally to our country and had to be supported. This was the type of the thing that I did during the Bush administration.

Q: How did the appointment to Switzerland come about?

GILDENHORN: After George Bush became President, he asked whether I was interested in becoming an Ambassador. It wasn't something I had really thought about or planned for. I did indicate that I would be interested if the occasion arose. It was a propitious time in my life to do something for my country and to go overseas. Switzerland was thereafter designated by the President. I thought it was a great opportunity and my wife and I went.

Q: Talk a bit about your preparation for this. Did you go through the Ambassadorial Seminar and how did that work?

GILDENHORN: First of all, let me say that my background is in business and banking. This turned out to be a very good fit in Switzerland where the banking industry and business leaders have a very strong role in government and policy. I felt very much at home when I arrived in Switzerland since I had business and banking experience and could relate.

The Ambassadorial Seminar was interesting and quite helpful. My only problem was that because of inexperience, the substantive discussions were difficult to absorb being novices. Being a new political appointee ambassador is a whole new concept and work experience. So many new concepts are thrown at you in a two-week grouping of seminars that it is almost overwhelming. I don't know how it could be arranged, but it would be much more productive if the seminars could be given about three to four months after being at post — after you had on-the-job experience, and the opportunity to learn about the procedures and some of the issues at post. The discussions would have had considerably more meaning.

Q: Exactly.

GILDENHORN: Perhaps the seminars could be scheduled at a Chief of Mission-conference, timed six to nine months after assuming post. Sessions could be scheduled to discuss administrative issues and questions, with the right people from State being present to answer them.

Q: It makes good sense.

GILDENHORN: It's just a thought. When I was cleaning out my desk before I came home, I glanced at my notes from the Ambassadorial Seminar, and it was quite interesting. I noticed that I wrote down on several occasions: 'What does this mean?' This proves that it would have been much more helpful if the discussions were held at a time when you had

a clearer understanding about the duties of an ambassador after having been at post for a period of time.

Q: Did you have any particular goals in mind before you went to Switzerland? Were people here in Washington saying, Now here are our problems with Switzerland and here's what we'd like to get — that sort of thing?

GILDENHORN: In preparation for my confirmation hearing, the desk officer who prepared me described certain issues pertinent to Switzerland. For example, some of the agenda items involved money laundering — drug enforcement, military procurement, as well as other issues relevant at that time. It was only a cursory discussion of issues. I found that until you were actually at post facing substantive policy matters, the previous discussions in Washington really didn't mean too much. They took on a different context after you assumed post and had to deal with real issues. When I got to Switzerland, I think that the first thing on my desk was a matter involving the PLO who wanted to accede to the Geneva Accords as the State Palestine. This was an important issue to me, because of my background in Jewish affairs. Our government was very much opposed to the PLO position. But what was very interesting was that I was getting calls from Jewish leaders from all over the world suggesting that both I and they lobby the Swiss strenuously, to make sure that they turned down the PLO request. After getting a great deal of advice from my staff in Switzerland, and based on my own thinking, I felt that strenuous lobbying was a bad idea. This was because the Swiss really do not take well to hard active lobbying. So I made the position of the U.S. clear to the Swiss government officers and fortunately, they agreed with the us. The Swiss merely sent out an information copy to the members of the Geneva Accords and did not decide whether the PLO had any rights to accede to the Geneva Accords. It turned out to be a good solution at that time for the Swiss. As a depository nation, the Swiss were required to send out a message to the members of the Geneva Accords, but they stopped short of deciding whether the PLO as Palestine qualified for accession.

Q: Here is a case where, you knowing the territory or having a feel for the situation, sometimes overly aggressive lobbying does not help.

GILDENHORN: I found out in Switzerland that it really is not a great idea to lobby hard. I think you have to make your views known clearly, but it's important, that you not aggressively tell the Swiss what they should be doing. That's a “no-no”, as I found out.

Q: What was the situation on Swiss-American relations — you mentioned the F-18?

GILDENHORN: Yes, the cost of the fighter plane was very expensive and Switzerland has been running a budget deficit for the past two years. Accordingly, there was strong opposition expressed against the purchase of the plane, especially among the Socialists who were definitely opposed. To make a long story short, the Parliament did eventually approve the plane. The plane issue will become the subject of a referendum to be decided by the people. The issue to be voted on is whether they will purchase any fighter plane between now and the year 2000. The referendum will be voted on June 6 of this year [1933]. If they turn down this referendum, the Swiss will buy the plane. There is money set aside for the purchase and they are all set to go. If the referendum passes which prohibits the purchase of any fighter plane till the year 2000, then, of course, there will be no airplane purchase. Right now, in fact, my former Defense Attach# is in town and he has indicated that there are strong lobbying efforts on both sides. Fortunately, almost all of the government ministers are strongly in favor of the purchase and are speaking about the issue almost every night. There are a lot of military people, a lot of industrialists also advocating the purchase of the plane, especially since there is a 100% offset. The 2 billion dollars of offsets will be put into the purchase of various Swiss goods. In addition, factories within Switzerland will be created to manufacture various parts of the plane as well as other items. So the Swiss really get the advantage of receiving 2 billion dollars from McDonnell-Douglas in the form of new business. So we'll find out June 6 how the referendum vote goes.

Q: What role were you playing in this? You just left there — you were there from 1989-1993.

GILDENHORN: I believe that I was helpful in many ways. To give you an example, while I was there, there was a new missile produced called the AMRAM. It is really high-tech — the last word in air-to-air missiles. The Swiss heard about it and basically said: Look, unless we get rights to the AMRAM, we probably do not want the plane. So I immediately got back to the Department of Defense and I was instrumental in persuading Secretary Garrett who was at that time Secretary of the Navy, to allow the Swiss to have the missile. It is interesting that the Swiss got rights to use the AMRAM before any of our NATO allies. This was the type of thing that we did. I was in constant contact with McDonnell Douglas. As long as we only had one American company pursuing the program, I could work closely with them. We met frequently to map out a strategy to get this plane purchase through.

Q: This brings up an interesting point: what happens when you find a couple of companies pushing and here you are, the American Ambassador?

GILDENHORN: When you have two American companies competing, you back off. You really cannot play a role, because you cannot side with one against the other. But once an American company is selected, you are able to assist that company to achieve it's goals. Let me give you an example. Right before I left to come home, there was a Swiss program out for bid for a civilian air traffic control system. The U.S. company Hughes was in competition with Thompson, the French company. Raytheon was also one of the bidders, but had been told their bid was not acceptable. I got very much involved because the French were using a lot of leverage and unfair influence on the Swiss to buy the Thompson product because of their sensitive position in Europe. Because there are a lot of bilateral deals between France and Switzerland which could be jeopardized, it was my feeling that the French were trying to unfairly influence the Swiss. I made a very strong demarche on the Swiss Minister of Transportation. I won't get into some of the information I had — but we felt that the French were acting improperly and we really wanted open, fair

bidding. I made it very clear that this was what we expected from the Swiss. So this was the type of thing I did. Again, what eventually happened, was that Raytheon entered the picture again and alleged that they were unfairly cut out of the competition and threatened to file suit against the Swiss. The Swiss reacted in their inimitable way by deciding not to make any decision and starting the competition from scratch. Accordingly, nothing will probably happen for a year or so. I learned that the French are very difficult businessmen and require constant monitoring.

Q: Could you talk a bit about how you have observed the French operate at times?

GILDENHORN: With respect to the F-18 airplane, right before the critical vote of Parliament, which they needed the concurrence of both the upper house and the lower house, we got word that the French Minister of Defense had come to Switzerland to visit with the Swiss Minister of Defense. We also got word that President Mitterrand was also planning to visit. We didn't know for sure what they planned to talk about, but the timing of the visit happened to be very close to the Parliamentary vote on the F-18. Again, we felt that there was the possibility of undue influence being used, undue leverage — fortunately it turned out that the Swiss chose the F-18 and withstood any type of pressure. I am sure that the plane was talked about by the French at that time but to no avail and to the Swiss' credit. The French really have the habit of doing whatever they have to do to get a sale regardless of ethics.

Q: This has often been one of the criticisms of how the United States operates — I've watched this myself. If two or more American companies are bidding on something, we will, as you say, back off as far as the Embassy goes because we can't get involved in this, but the French — sometimes the British — will more or less come to an agreement one way or the other and say, We'll go with this system or this company, and push all out, whereas maybe our two or three companies cancel each other out.

GILDENHORN: I think it's probably right that we do not choose one company over another company. I did bring in the people from Hughes and asked them whether they used any French suppliers in producing part of their traffic control system. They said that they did include a small French company to produce certain parts. I suggested that they get this small company to go to their government and complain about the tactics being used. They did and I think it was fairly effective in holding off the French. I mention this to give you examples of some of the things I got involved with.

I came to the conclusion when I got there that if I were to make a contribution, it would have to be primarily in the business and trade area. Politically, I found that there were certain areas in which I had a certain amount of input, but generally speaking, most of the major decisions came from Washington. But as far as really making a personal contribution, I felt that I could do so by expanding our bilateral trade between countries, which was pretty substantial at the time. When I got to Switzerland, bilateral trade amounted to 8 billion dollars, split 50-50 between the Swiss and the Americans. I really spent time on trade enhancement. I went to every trade show — probably 10 or 15 trade shows per year. I also tried to create new trade shows, which would bring over more American goods to Switzerland. By the time I left the bilateral trade was in excess of 11 billion dollars, and I think I had some role in increasing those figures. Trade matters was an area that I found very interesting, and where I felt I could make a contribution. I even had my wife become involved in a trade show promotion where she got a group of Swiss dress end users, i.e., department stores and jobbers, — to come to the US to the couturier shows in New York. This was a good way to get more American dresses introduced and sold in Switzerland. These are some of the types of programs we were trying to create.

Q: What were the products Switzerland was trying to sell to the United States?

GILDENHORN: Other than chocolate and watches? The watch industry is very strong. Actually, there is one man who did a great deal to revitalize the watch industry, a gentleman by the name of Nicholas Hyack. Mr. Hyack is the creator of the internationally

famous Swatch watch. The Swatch is a reasonably priced watch — costs about $40-50 — with a very popular, contemporary design. Indeed, the Swatch watch is the marketing sensation in Europe. It has also become popular in the United States. The watch industry in Switzerland is much stronger now and this is all due to Mr. Hyack's creativity. But basically, pharmaceuticals, machine tools — indeed anything produced where labor is not a big factor — can be manufactured competitively in Switzerland. This is because labor costs are extremely high in Switzerland. Because of this, machine tools are a big export item. Also, the major pharmaceutical companies, such as Ciba Geigy, Hoffman LaRoche and Sandoz export a large quantity of products to the U.S.

Q: How did you find some of the other competitors? We've talked about the French. What about the Germans and the British and Italians as far as competitors? Did you find yourself going head to head with their ambassadors on trade items?

GILDENHORN: I can't recall specifics. I believe that the Germans are the biggest trading partner with Switzerland, but I don't recall any specific problems. The Swiss are very restrictive with respect to their market access policies. For example, only a small quantity of our US beef is allowed in the country and we in the Embassy always tried to get more of our beef allocated for import into Switzerland. We made some inroads over the years since the Swiss really like American beef. It's interesting that we can export all our red wines to Switzerland but not our white wines. This is because the Swiss white wines are high quality and they are very protective when it come to the white wine industry. But their red wines aren't particularly good so the Swiss are very happy to have our Cabernet-Sauvignons and other California wines, come in. Again let me say that Switzerland has a very controlled economic society with a legalized cartel system and strict price controls. Access into the Swiss markets was hard to achieve, but we spent a lot of time trying to open up access of our products. We didn't have a large Agricultural Department at the Embassy. We had one principal American officer and two FSNs who spent a great deal of time interfacing with the Swiss government trying to get better access for our products.

Q: In dealing with the Swiss government, any time an Ambassador goes to a country, you talk in Washington and you talk to your country team, and you try to figure out where the power is, who are the movers and shakers. I would think that Switzerland would be one of the most difficult ones, because, as you say, the business community seems to be very strong and the government seems to be somewhat amorphous. Maybe I'm wrong but how did you figure out what buttons to push.

GILDENHORN: Well, it's a small enough country to get around and you can get to see almost anyone in both government and business. Actually, on my way home back to Washington, I asked my driver how many miles we had on the official car and he said, 150,000 miles. In Switzerland, that's a great deal of traveling within a small country. I tried to cover every part of the country. I was on a first-name basis with every Minister. In this regard, there are seven Ministers who run the country, and I became good friends with each of them. My wife and I entertained them, and they entertained us. We also spent a significant amount of time in the business community with prominent bankers — I personally knew all of the presidents of the major banks — Credit Suisse, Union Bank, Swiss Bank Corporation. I spent substantial time going to Swiss-American business groups. The Swiss-American Chamber of Commerce is one of the strongest chambers in Europe with over eleven hundred members and a very aggressive program. They have interesting speakers every month and they attract all of the top business people in Switzerland. Through that group, I really got to know most of the important business people. In addition, I visited over a hundred companies, including both Swiss and American, doing business in Switzerland. I was shown around the respective company and had the opportunity to meet the CEO and executives of the company. That was one of my primary agenda items. What I did not want to do was sit behind my desk and read cables all day. So I really tried to get out of Bern and around the country. I visited about fifty educational institutions — high schools, gymnasiums, universities — and really enjoyed doing that. I went to at least thirty or forty newspapers throughout the country during my tenure.

Q: What was your impression of the Swiss impression of the United States? It's very easy to look at our TV and other peoples' TV and talk about a society in disarray. What were they getting?

GILDENHORN: First of all, I think that the Swiss really admire and like the United States. They really think highly of us. In fact, during the Gulf War, there were some toasts by government and military officials which were really quite emotional and almost embarrassing. I remember one Swiss General saying: Thank God, the US has saved us again — the US saved us in two major wars, and now they have confronted aggression once again. These were incredibly warm toasts applauding the United States. With respect to the other part of the question — the Swiss know a great deal about our country. First of all, thirty percent of the Swiss population has been to the United States. I'm sure it is a greater percentage than any country in the world. At least 300,000 Swiss tourists come every year.

Q: Basically tourists?

GILDENHORN: Yes. Out of a population of 6.8 million, 300,000 each year is a large number. So the people in Switzerland know the United States first hand. I had a very interesting experience in the city of Bellinzona, the capital of Ticino, which is in the Italian section of Switzerland. I went up into the mountains to visit a local high school. I had a session with their English-speaking students, and after I gave my remarks, we had a question-and-answer period. And the first question asked was about Marion Barry, the Mayor of Washington, who had just been picked up for drug use. I said to myself, My Lord, how do they know! But the youngsters avidly read newspapers and learn a great deal about America. CNN is broadcast throughout the country, and The Economist is extensively read at least by the government officials, with a whole section devoted each week to American affairs. So the average Swiss is quite worldly and knows a lot about what we Americans are doing. What is unfortunate is that American movies shown in Switzerland usually portray violence and pornography. Most films point up our social

ills and never portray what is right about America. My job was to portray a better, more pleasant America to the Swiss — an America in which our citizens live well and a country which is disciplined and moral.

Q: How did you find the Swiss reacted to the breakup of the Soviet union, the fall of the Berlin Wall and all the changes?

GILDENHORN: I think that the Swiss were as shocked as everyone that Communism really fell, so quickly and peacefully. They joined with other nations in giving aid to Central and Eastern European countries. Even though Switzerland is not a member of the UN, they are still very active in UN affairs and remain involved in every ancillary organization of the UN, but not the General Assembly. They obviously felt that the demise of Communism was a very important historic event.

Switzerland changed a great deal while I was there. When I first arrived in August of 1989, they were an isolated country, very much into themselves. I think the most important change in attitude occurred during Desert Shield and Desert Storm, when Iraq invaded Kuwait. We were asked by the State Department to ask Switzerland to impose sanctions on Iraq. This was a big undertaking since the imposition of sanctions had never been done by Switzerland in their history, because it violated its neutrality. Neutrality is almost sacrosanct in Switzerland and is an important doctrine which is highly supported by the people. I went to see the State Secretary Klaus Jacobi who was formerly the Swiss Ambassador to the US for four years. We had really become good friends. Secretary Jacobi said, We'll work it out — come back tomorrow. I went back the next day and he said, Joe, we've worked it out. Every minister was on vacation being it was August and each was in different parts of the world. Secretary Jacobi had arranged a telephonic conference and was pleased to report to me that the Ministers voted seven-to-nothing to impose sanctions on Iraq. I recall a funny story that day: When I went to see Secretary Jacobi, I went to the Bundeshaus and saw the Iraqi Ambassador in the lobby. I had known him, and I said sarcastically that, You're making me work hard these days. When I got

upstairs to see Secretary Jacobi, he said, Did you see your colleague downstairs? He said, He's mad at me. I said, Why. Secretary Jacobi said, the Iraqi Ambassador tried to cash a check today and we bounced it — we froze all of the country's funds. I said, how much was the check? He said, A million and a half dollars. Switzerland was very proud of the action they had taken against Iraq. The reason I bring this up, is that from that time on, they have modified their neutrality to become more expansive, more accommodating to Europe and the world. It was a big step for them.

Q: I'm sure it was. You mentioned that they don't belong to the United Nations. In a way, this must have been a God-send as Ambassador, because all of our ambassadors have to run messages and say, Vote to protect whales...

GILDENHORN: We still do that.

Q: Did you get involved in anything of that nature, through the various agencies?

GILDENHORN: As an example, when the US was urging the abrogation of the Zionism-racism resolution in the U.N., we were asked to go to our various host governments and ask support, which we did. We knew that the Swiss did not have a vote but we knew that they have influence throughout Europe. My demarche alluded to the fact that they were not members but still requested any help that they could give us. Those were the types of actions and involvement. The Swiss also turned down membership in the European Economic Area Agreement last December. I thought that was a bad decision because membership would have given them the benefits of membership in the EC but very few of the responsibilities. But the people in a referendum voted against it. I think eventually they will join Europe. It is just a matter of time. I have a bet that they will join sometime before the year 2000.

Q: Did you have any instructions — should we push for it, or just relax and let them figure it out?

GILDENHORN: Frankly, it was my feeling that maybe with them not joining, they could be the liaison between the United States and Europe. By not being a member of the EC, they could be helpful to us in certain areas, especially when we needed a friend who was not a member of Europe. In fact, the Swiss suggested this possibility and even some of the Ministers suggested it. I honestly never believed it. The Swiss are so connected to Europe, so tied in with all of the community members that they're not going to jeopardize their position in any way.

Q: Particularly with the collapse of the Soviet Union, there's no longer that...

GILDENHORN: Now the Swiss are even thinking about sending troops for peace-keeping — blue helmets. They have sent observers to Namibia. But they would never commit troops for combat. That would be a “no-no”. I think that they are far from sending peace-keeping troops and will not do it for some time. But at least they are thinking about it, and you're seeing a more accommodating approach to the world. I think that is good. I think of Switzerland, really, as a positive model — with three diverse cultures, three different languages and two religions — they live together pretty well. It should have been the model for the former Yugoslavia, but obviously that situation is beyond control.

Q: Switzerland has been renowned for a long time for being where the spies met — during the Cold War and even World War II and before. Did you find with the demise of the Soviet Union — did spying as an industry go downhill?

GILDENHORN: Well, I think it has changed. I think the focus has centered on more economic spying than political-military spying. Most of the intelligence-gathering in the country was located in Geneva where you had the UN and where every country had representatives present. That is where most intelligence could be gathered.

Q: Did you have any problems with having other American Ambassadors at various United Nations' things in Geneva?

GILDENHORN: I was told before I went over that that was always a problem and beware of turf battles. But I knew Morris Abram before I went over — I didn't know him well but I had met him and got along well with him. He was our Ambassador to the UN and International Organizations, an excellent representative of the US. His background has always been in human rights and civil rights, and it was a marvelous appointment for Morris. We became very good friends and we deferred to each other on matters of protocol and jurisdiction. We never had a cross word. He realized that I was the bilateral Ambassador and he was Ambassador to the UN, and it did not become a problem.

Q: How does one work in Switzerland? You have essentially a small town, Bern, which is the capital, and then Geneva which is an international capital, and then Zurich — where did you work?

GILDENHORN: As I mentioned earlier, I traveled over 150,000 miles throughout Switzerland. Our Embassy is in Bern because that is where the capital is, where the government is located, and where the Parliament meets. We conducted a great deal of business with the Swiss government in Bern on a daily, weekly basis. But I always felt very strongly that it was important that I travel outside the city and meet the Swiss. That was one of my missions — to bring, hopefully, the best of America to the Swiss. I visited every segment of Swiss society. For example, I spent two days speaking to farmers in the farm belt. Farming is a very sensitive matter since the industry is highly subsidized and a very protected type of business. I believe that the Swiss have the highest subsidies in Europe and they are not about to give up on their subsidies too readily. Many of the farms have been in the families for over three to four hundred years. When the government has attempted to reduce subsidies, which has to be done because of the high cost, the farmers mobilize to oppose any decrease in subsidies. But I thought that it was important to get these views first-hand by visiting the farmers on a personal basis. It's really interesting — a dozen eggs cost six dollars — it's extremely expensive. There's really nothing in Switzerland that can be grown or produced efficiently, or economically. Perhaps cheese

and milk — because there is a great number of cows grazing throughout the country. But if you get into wheat production or other grains, they just can't do it because of the scarcity of land.

Q: Were you under any instructions — these were major American exports?

GILDENHORN: I found that you really refrained from criticizing their agricultural industry. Apparently my predecessor, Phil Winn criticized the Swiss agricultural program when he first arrived. Apparently the press became very critical and wrote some unkind words about Phil in their respective newspapers. I tried to learn from that. If you talk about agriculture, you talk about the subject very subtly, and maybe just allude to the fact that changes have to be made in the future. But it's a difficult topic, not so much from the American point of view, but from the Swiss government standpoint. They need to make dramatic changes in their subsidy program because it's so expensive subsidizing farmers. But it's a political football, a hot potato. Most countries in Europe are making a real effort to cut down on subsidies, because of the high cost.

Q: Was our balance of payments fairly equal?

GILDENHORN: Almost even — we had eleven billion dollars and each country exported about five and one-half billion in goods to each other.

Q: Somebody wasn't breathing down your neck on that?

GILDENHORN: If anything, we were ahead because the Swiss ordered 12 MG-11s, civilian airplanes. They replaced all of their Swissair older planes with new McDonnell-Douglas planes. This was a big item — almost two billion dollars. So when they started delivering these planes in 1991, it helped our balance — we were ahead. Eleven billion dollars in total trade is considerable.

I think that one of the big problems in the country is drugs. The Swiss passed a money-laundering statute before any other country in Europe. The new law basically puts the banks to the task of reporting large money transactions. If anyone on the Bank's staff thinks that there is something suspicious, they must report it. It is a good bill, good legislation, and many of the other countries in Europe are starting to adopt the Swiss bill as a model. The Swiss are more open in providing information about their bank accounts than most countries, even though they are unfairly criticized for the secretiveness. Through our mutual legal assistance treaties, the Swiss are pretty open with information and very cooperative with our government. The only thing they don't do is disclose information with respect to U.S. tax evaders. Tax evasion in Switzerland is not criminal, it's civil; so therefore they will not extradite tax evaders which is a problem. But generally speaking, the Swiss have probably done more to enact laws against certain crimes than most countries — whether it be money-laundering, drugs or whatever.

Their drug situation is a serious problem. It is interesting that on the French side of the country, especially in the cities of Geneva and Lausanne, the officials are very tough on drug use. If somebody uses drugs, he's arrested. On the German side, they're very liberal. Many feel that drug addicts are people who are sick and need help. What has happened is that many of the drug users from places throughout Europe congregate in the cities of Zurich, Basel and Bern, to mingle with other users and to receive clean needles. Many congregate on a sidewalk near the Bahnhof in Zurich. They shoot-up openly which I can tell you is not a pleasant sight. They get free, new needles, because the incidence of AIDS is very high. There is a great deal of discussion about the possibility of legalizing drugs. I remember, I gave two speeches opposing the legalization of drugs, and this caused a great furor in the newspapers. One newspaper commented that the U.S. Ambassador doesn't know what he is talking about, while another would be supportive of my position! It's a very difficult problem. Because of increased drug use, crime has increased rather dramatically. Not too many crimes against people, but property crimes, i.e., burglary, etc. It is an unfortunate situation. A lot of drugs come in because there is so much illegal

immigration. Immigration is the other big problem in the country. Many illegal immigrants come in from Eastern Europe, from the South, including Sri Lanka, Turkey, the former Yugoslavia, Bosnia. Unfortunately a lot of drugs come in with these people.

Q: Was this something you took an active interest in — you said you made speeches?

GILDENHORN: I was careful not to tell the Swiss what they should do. That would be a “no-no”. But I would give speeches stating U.S. policy — what we do in this country. I did give a speech reflecting the United States' position opposing the legalization of drugs. I think it was an effective speech reciting the many reasons why we oppose legalization. This was the position of the administration and one I personally subscribe to. I was careful not to tell the Swiss what they should do, but I thought it very relevant to tell them what we in the U.S. are doing.

Q: How about women having a vote? The women's lobby in the United States is very strong, and here is a country that at least has a spotty record. I would think there would be pressure on you as the Ambassador.

GILDENHORN: There are twenty-six cantons in Switzerland, which would be comparable to our states. In fact, their Constitution is identical in wording in many respects to ours. The canton of Appenzell finally gave women the right to vote about two years ago. Actually, they were required to do so as a result of a lawsuit filed by a women's group. I think Appenzell enjoyed the publicity and held out until the last moment. What is interesting is that just three months ago, the Swiss elected a woman as one of their Ministers, in what turned out to be a very controversial election. Seven Ministers run the country with all parts of the country being represented. They call this the 'magic formula'. You need one Minister from the German part, one from the French part, and one from the Italian section. You need a Protestant and a Catholic, and all four political parties have to be represented. As you can see, everybody in the country has to be represented on this Ministerial Council. In the last election, it was required that they have a woman Minister. It had to be a Socialist

from Geneva to comply with the 'magic formula' doctrine. And it turned out that there was only one woman in all of Geneva who had those particular qualifications. Unfortunately the woman was criticized about her life style and she eventually did not receive support in Parliament. Finally, they found another woman candidate who was born in Geneva but spent most of her time in Zurich. She was recently elected and has become the Minister of the Interior. Her name is Mrs. Dreyfus, and I understand she is doing an excellent job.

Q: Did you find — were you able to stay out of this one?

GILDENHORN: You observe but stay out of any controversial matters. Womens' rights groups are becoming much more vocal about their rights. They're very sexist in Switzerland. A woman is paid less than a man for a comparable job. That's part of their culture but it is changing quite fast. But as an American Ambassador, I would not get involved in that issue — that's too controversial.

Q: How did you find your staff at the Embassy?

GILDENHORN: I thought all of my staff were outstanding, excluding maybe one or two. All of the members of the staff, American and Swiss, were highly educated, dedicated, and displayed a lot of enthusiasm — really good people. My former DCM served with me for almost three years. He was excellent — his name is John Hall. He will be coming back here this summer to Washington to be head of Recruitment for the State Department in the Director General's office. He is a superb professional, a really a nice guy, and knows how to handle people. He has a great deal of experience and I was really very fortunate to be associated with him.

Q: Had you any caveats among the non-career people when you went out — You'd better watch it, these Foreign Service people are going to get you, or something like that?

GILDENHORN: You realize that there is a built-in conflict between career officers and political appointees. I found that I could utilize the management skills that I employed in

the private sector to my duties in Switzerland. I felt that it was important to include the staff in all activities of the Embassy. This was easy in Switzerland because you had only 120 people on staff. You don't have a thousand such as you have in England or Italy. The first day that I was there, I had a reception at my house and invited all of my staff including all of the FSNs. I always tried to have staff at my residence for events. I also got along very well with members of staff who were Swiss. Many of these people had been working for the Embassy for 25-30 years.

Q: Oh, yes. It's the real strength of the Foreign Service, what we call our Foreign Service Nationals.

GILDENHORN: Absolutely. It was sort of interesting that three FSNs had been with the Embassy for 25 years and would have earned a higher salary than me based on comparable Swiss wage scales. However because of the law, they were restricted to making $100 less than the Ambassador. Somewhere along the line, I got a raise, and they cheered that raise — because they got an increase in their pay. I got along with everyone and really tried to include the staff in all functions and activities of the Embassy. We had many receptions at the residence and all were included. On the Fourth of July, I always had a separate party for the staff and their kids. I sincerely liked members of the staff, both Americans and Swiss, so it was not a problem but a labor of love. I found to my surprise that some of the FSNs had been there years and years and had never been to the residence. I changed that situation immediately.

Q: Maybe I've got it wrong, but was it our former Ambassador to Switzerland who got into a certain amount of trouble because of getting extra funds...

GILDENHORN: Yes, I believe that it was Faith Whittlesey.

Q: Were you under either personal or representational things to watch your expenses?

GILDENHORN: First of all, I contributed money to the State Department so I could properly decorate the residence, which was really needed. With respect to representational funds, I allocated it between myself, my DCM and Political Officer, and so on. I was out-of-pocket very little. We entertained a great deal but I was able to pay for the affairs with the funds the Department gave me. Near the end of the fiscal year, we would ask for a supplement if needed and the Department was very accommodating by allocating additional funds. If we were short at the end of the year, I would pay it myself and not expect the staff to contribute. I did feel that some of the officers should have entertained more.

Q: It's a new foreign Service — it's new Foreign Service for me. Did you find that the fact — we really need both husband and wife to be working — did you find this to be a problem?

GILDENHORN: I found that many of the wives of career Foreign Service would not get involved and really made it a point that they had no obligation to be involved. Sometimes we had jobs at post and some of the spouses would take positions for pay. I know that my wife enjoyed running the residence and going around the country making speeches. She was a good representative of the U.S. She is a Trustee of the Kennedy Center and she gave speeches about the Kennedy Center. She worked hard and enjoyed being a part of the scene. She certainly made a good impression among the Swiss. But among the career officers, I found in many cases that the wives were reluctant to participate.

Q: It's sad — It's a generational thing — I came in in 1955.

GILDENHORN: They made a point of it, overtly indicating that they had no obligation or duty to participate in the Embassy's programs.

Q: I know. There's a militancy. I was principal officer in Naples and had some of the same problems.

GILDENHORN: I do not understand or agree, because part of the joy of being overseas is to be able to participate.

Q: So often they're missing something...

GILDENHORN: I think so, yes. My wife and I became friendly with wives of our officers. But as far as really doing things, and especially entertaining, they really have a problem with that and virtually did very little.

Q: Here you've been an advisor to the Vice President, now the President, so unlike many Ambassadors, career or non-career, you did have an In with the President. Did you ever call on that?

GILDENHORN: Not really. I never had any unusual problems which required that type of influence. There was one matter when I felt compelled to call Larry Eagleburger directly — the problem involved the plans to close the Geneva Consulate. It caused great controversy in the Geneva community, with so many local Americans living there and with Geneva being the headquarters of American Citizens Abroad — a very vocal group which represents Americans living in Europe.

Q: It's a political group — they have votes at the Convention.

GILDENHORN: Andrew Sundberg, the President of ACA, and ran for President of the U.S. I warned the Department about the strong feelings on closing the consulate. They accused me in the newspapers as the one trying to close the consulate, indicating that it was in violation of the law. I told the Department that since you are the ones who want to close Geneva, and not me, then they should come out with a statement explaining the action. Eventually I called Larry Eagleburger, and he worked it out by issuing a statement. I called occasionally to officials in the Department to assist some of my employees who were trying to remain in the foreign service. I never called the President directly. I met the President in Geneva one time and I met Secretary Baker a couple of times. I also met with

Secretary Christopher who came to Geneva and I spent half an hour with him. I never had an important enough issue which required me to call the President directly.

Q: Did you ever find yourself having problems with the Swiss over our issue during the Reagan- Bush Administrations, over abortion, opposition to drugs, this type of thing? Did the Swiss ever get into this?

GILDENHORN: The Swiss never commented on our sensitive issues. I will say that the Swiss followed our election campaign quite thoroughly. To this day, they still do not understand why we didn't re-elect President Bush. They really felt that he had the qualifications, and had done so well in foreign affairs, with special reference to Desert Shield and Desert Storm. They were quite surprised when President Bush lost.

End of interview